



Senator Sherrod Brown

American Recovery and Reinvestment Act *An Investment in Ohio's Small Businesses*

What does the economic recovery package mean for Ohio?

- Creates or saves 133,000 jobs in Ohio.
- Provides **critical tax cuts** for an estimated 4.5 million middle class Ohioans through the Making Work Pay Tax Credit and relief from the Alternative Minimum Tax for 884,000 Ohioans.
- **Saves money, reduces energy consumption, and creates jobs** through energy efficiency programs.
- Invests \$68 million in targeted communities hard hit by job loss and high unemployment by **retraining dislocated workers** and helping communities build regional industry clusters.
- Improves education throughout the state by **investing in local school districts and public colleges and universities.**

WHAT IS THE DIFFERENCE BETWEEN **FEDERAL COMPETITIVE GRANTS** AND **STATE FUNDING** IN THE ECONOMIC RECOVERY PACKAGE?

- **Federal agencies will be accepting proposals for Federal Competitive Grants beginning in March.** See below for information on how to apply. Program and agency information on energy funding is listed on the reverse of this page. For additional information, visit Senator Brown's website at www.brown.senate.gov or the President's webpage www.recovery.gov.
- Much of the state funding will be distributed via noncompetitive formula grants. The State of Ohio will be distributing this formula funding at its discretion and is accepting project proposals at www.recovery.ohio.gov.

How to Apply for Federal Competitive Grants

The economic recovery package will help to rebuild our economy and put Americans back to work through targeted investment and competitive grants for key programs in vital economic areas.

Requests for Proposals (RFPs) for competitive grants will be available beginning in **March 2009**. In order to apply for a federal competitive grant, you must complete the www.grants.gov registration process.

Please register early so you are prepared to apply for grants as soon as they are available. Additional information about grants will be listed at www.brown.senate.gov as soon as RFPs are available.

How to sign up for Federal Competitive Grants

1. Go to www.grants.gov and complete the online registration.
2. Visit www.brown.senate.gov for important updates.
3. Senator Brown's office will hold Federal Assistance Workshops to help you apply. For more details, please visit www.brown.senate.gov/ohio/constituent_services/workshops/

For more information about the economic recovery package, visit www.brown.senate.gov

What does the economic recovery package mean for **SMALL BUSINESS?**

Reduced fees, 90 Percent Guarantee:

The economic recovery package authorizes the Small Business Administration (SBA) to temporarily reduce or eliminate loan fees for borrowers and/or lenders in its 7(a) guaranteed loan program and the 504 Certified Development Company loan program. SBA can also raise its loan guarantee from the current levels to as much as 90 percent (up from 85% for non-Express loans up to \$150,000, and 75% on larger loans).

Microloans:

Expands SBA's existing Microloan program, which provides loans in amounts up to \$35,000 for entrepreneurs who are generally not considered "bankable" by the traditional lending community. Microlenders participating through 09/30/10 will see a \$50 million expansion in loans and \$24 million in grants used to provide technical assistance to borrowers.

Business Stabilization Loans:

Establishes a loan program of \$255 million to provide 100% guarantees on deferred-payment loans to viable small businesses that have a qualifying small business loan and are experiencing immediate financial hardship. The loans can be up to \$35,000 and are to be used to make payments on an existing loan for up to six months. Repayment would not have to begin until 12 months after the loan is disbursed.

Refinancing:

Allows SBA to use the 504 Certified Development Company program to refinance existing loans for fixed assets, providing fresh support for small business expansion.

See the reverse side for additional economic recovery opportunities for small business

Senator Brown's office will hold Federal Assistance Workshops to help you apply. For details, go to

www.brown.senate.gov/ohio/constituent_services/workshops/

Federal Competitive Grants for Small Business

Listed below are the federal programs that received economic recovery package funding. Visit the links in the right-hand column for details on each program. For more small business recovery information, visit <http://sba.gov/recovery>.

Requests for Proposals (RFPs) will be made available in March from each agency and program.

PROGRAM	AGENCY	FEDERAL FUNDING	WEBSITE
Advanced Battery Manufacturing Grants	Department of Energy	\$2 billion	www.energy.gov/recovery
Business Loan Program Account	Small Business Administration	\$636 million	www.sba.gov/recovery
Economic Development Assistance Programs	Department of Commerce	\$150 million	www.eda.gov/InvestmentsGrants/Investments.xml

The economic recovery package provides additional funding for the **Small Business Administration**.

To find out more about SBA programs:

www.sba.gov/recovery

SBA Answer Desk

(800) 827-5722

answerdesk@sba.gov

SBA District Office Locations

Columbus District Office

401 N. Front Street

Suite 200

Columbus, Ohio 43215

Phone: (614) 469-6860

Cincinnati Branch Office

550 Main Street

Room 2-522

Cincinnati, Ohio 45202

Phone: (513) 684-2814

Cleveland District Office

1350 Euclid Avenue

Suite 211

Cleveland, OH 44115

Phone: (216) 522-4180

Tax and Finance Provisions for Small Business

In addition to the funds available through the state and the federal competitive grants, the economic recovery package will provide significant **tax relief that will benefit small businesses**.

- **Extension of bonus depreciation for capital expenditures incurred in 2009:** Allows businesses to recover costs faster than the ordinary depreciation schedule would allow by permitting these businesses to immediately write-off 50% of the cost of depreciable property (e.g., equipment, tractors, wind turbines, solar panels, and computers).
- **Extension of enhanced small business expensing of certain capital expenses:** Small business taxpayers may elect to write-off these expenses in the year of acquisition in lieu of recovering these costs over time through depreciation. With the economic recovery package, small businesses can write-off up to \$250,000 of capital expenditures incurred in 2009 and increased the phase-out threshold for 2008 to \$800,000 (up from \$500,000).
- **5-Year carryback of net operating losses for small businesses:** For small businesses with gross receipts of \$15 million or less, up from the current 2-year period.
- **Delayed recognition of certain cancellation of debt income (CODI):** Over 10 years (defer tax on CODI for the first four or five years and recognize this income ratably over the following five taxable years) for specified types of business debt repurchased by the business after December 31, 2008 and before January 1, 2011.
- **Incentive to hire unemployed veterans and disconnected youth:** Small businesses are eligible to claim a work opportunity tax credit equal to 40% of the first \$6,000 of wages paid to employees.
- **Small business capital gains:** Allows a 75% exclusion for individuals on the gain from the sale of certain small business stock held for more than five years. This change is for stock issued after the date of enactment and before January 1, 2011.
- **Temporary small business estimated tax payment relief:** Reduces the 2009 required estimated tax payments for certain small businesses.
- **Temporary reduction of S Corporation built-in gains holding period from 10 Years to 7 Years** for sales occurring in 2009 and 2010.
- **Repeal Treasury Section 382 Notice:** Liberalizes rules in the tax code intended to prevent taxpayers that acquire companies from claiming losses incurred by the acquired company prior to the taxpayer's ownership of the company.
- **Treatment of certain ownership changes:** Clarifies the application of section 382 to certain companies restructuring pursuant to the Emergency Economic Stabilization Act of 2008.
- **Election to accelerate recognition of historic AMT/R&D credits:** In lieu of bonus depreciation. The amount is calculated based on the investment in the property that would otherwise qualify for bonus depreciation and is capped at the lesser of 6% of historic AMT and R&D credits or \$30 million. The economic recovery package extends these benefits through 2009.

For more information about the economic recovery package: www.brown.senate.gov

For more information about the tax provisions: www.irs.gov